

CRS Report for Congress

Received through the CRS Web

Army Officer Shortages: Background and Issues for Congress

July 5, 2006

Charles A. Henning
Analyst in National Defense
Foreign Affairs, Defense, and Trade Division

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 05 JUL 2006		2. REPORT TYPE N/A		3. DATES COVERED -	
4. TITLE AND SUBTITLE Army Officer Shortages: Background and Issues for Congress				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service The Library of Congress 101 Independence Ave SE Washington, DC 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release, distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT SAR	18. NUMBER OF PAGES 25	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Army Officer Shortages: Background and Issues for Congress

Summary

The Army's enlisted recruiting shortfall in 2005 generated significant congressional and media interest, and served as the impetus for several legislative initiatives. However, until very recently, there has been little mention or visibility of potential shortages in the Army's officer corps. This problem is currently unique to the Army. While specific skill shortages and imbalances have been reported by the other services, only the Army is reflecting service-wide active component shortages.

The Army currently projects an officer shortage of nearly 3,000 in FY2007, with the most acute shortfalls in "senior" captains and majors with 11 to 17 years of experience. For example, the Army considers any personnel "fill rate" (the number of officers available to fill requirements) of less than 85% a "critical" shortage, and projects a fill rate of 82.6% for majors in FY2007.

The Army further projects an increased shortage of more than 3,700 officers the following year, and estimates that annual shortages in excess of 3,000 officers will persist through FY2013 unless accessions (the number of new lieutenants brought to active duty annually) can be increased and retention can be improved. It presently takes 10 years to "grow" a major (from lieutenant to promotion to major), and 14 years if that major is an academy or ROTC graduate. Therefore, the projected shortage appears to be a significant long-term challenge especially as the Army continues to transform and maintain a significant role in fighting the Global War on Terror (GWOT).

This report analyzes a number of potential factors contributing to the shortfall, especially the impact of reduced officer accessions during and after the Army personnel drawdown of the early 1990s, and the significant increase in Army officer requirements caused by the Army force structure transformation to a modular, brigade-centric force through its Modular Force Initiative. At this time, the high deployment tempo associated with Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) does not appear to be associated with these shortfalls.

Although the Army has already introduced several new programs to enhance officer retention, other possible options exist that could help address the Army's officer shortages. They include the possibility of officer retention bonuses. The Army does not pay any officer continuation or retention bonuses, with the exception of Aviation Career Incentive Pay.

This report will be updated as necessary.

Contents

Introduction	1
Defining the Current Problem	2
What Are the Potential Causes of the Officer Shortage?	3
Past Accession Levels	3
Transformation of Army Force Structure	5
Attrition	5
Deployment Tempo	6
Did the Cold War Drawdown of the Early 1990s Contribute to Today's Shortages?	7
Can Reserve Component Officers Be Used to Address the Shortage?	8
What Action Has the Army Taken to Address Officer Shortages?	8
Promotion Opportunity	8
Promotion Timing	10
Increased Accessions	10
United States Military Academy	10
Senior Reserve Officer Training Corps	11
Officer Candidate School	12
Other Army Actions	12
Are There Other Alternatives for the Army?	14
Critical Skills Retention Bonus	14
Student Loan Repayment	15
Possible Options for Congress	15
Maintain Status Quo	15
Consider Continuation Pay	15
Provide Matching Contributions to the Thrift Savings Plan	15
Extend Temporary Relief from the Constraints of the Defense Officer Personnel Management Act (DOPMA)	16
Expand Montgomery GI Bill Benefits with Transferability for Additional Service	16
Increase Enrollment at the United States Military Academy	17
Additional CRS Products	17
Appendix A: How the Army Recruits and Manages the Officer Corps	18

List of Figures

Figure 1. FY2007 Projection by Year Group	2
Figure 2. Army Model for Officer Management	19

List of Tables

Table 1. Accessions During Drawdown	4
Table 2. Recent Annual Accession Trends	4
Table 3. Recent Attrition from U.S. Military Academy	6
Table 4. Promotion Opportunity: First Time Considered	9
Table 5. ROTC Mission and Production	11
Table 6. Officer Candidate School Production	12
Table 7. DOPMA Promotion Opportunity and Timing Goals	21

Army Officer Shortages: Background and Issues for Congress

Introduction

Army personnel estimates point toward a future shortage of active duty officers, especially in the ranks of “senior” captain and major.¹ Since it currently takes 10 years to “grow” or promote to the rank of major (from lieutenant to promotion to major) and 14 years if a major is an academy or ROTC graduate, this is not a problem that can be quickly nor easily solved as the Army continues to transform its force structure and, simultaneously, fight the Global War on Terror (GWOT). For background on the Army’s complex system of recruiting and managing its officer corps, see Appendix A.

The Army currently projects an officer shortage of approximately 3,000 “line”² officers in FY2007, a situation that worsens to 3,700 officers in FY2008 and continues to average more than 3,000 annually through FY2013. This could result in 15% to 20% of all positions at the rank of major being vacant or filled by more junior and less experienced officers. While a number of potential causes are reviewed, this report will focus on two: reduced officer accessions (the number of new lieutenants brought to active duty annually) during and after the drawdown of the early to mid-1990s, and the significant increase in officer requirements as the Army transforms to a “brigade-centric” force, a key element in the Army’s Modular Force Initiative.

To at least partially address this situation, the Army has recently introduced several non-financial retention incentives that result in extended service obligations. However, unlike the Navy, the only Army officer retention or continuation bonus currently being paid to line officers is Aviation Career Incentive Pay, which only applies to a small fraction of the Army officer corps.

This report assesses the extent of the Army officer shortfall, examines perceived causes, reviews recent retention initiatives, identifies other possible retention incentives, and concludes with a review of possible options for Congress.

This report is focused on the Army’s “line” or basic branch officers, and does not address the Army Medical Department, Judge Advocate General Corps or

¹ Captains command companies and serve on battalion and brigade staffs. Majors seldom command but serve on higher level staffs and in operations positions.

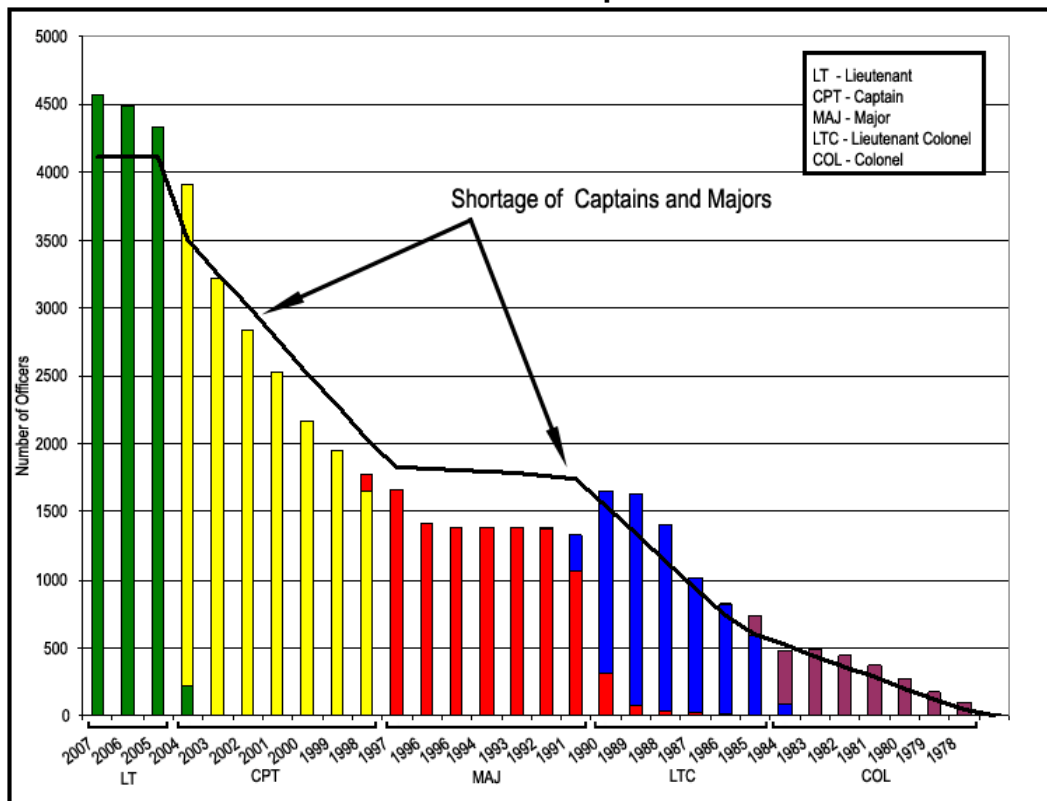
² The basic branches for “line” officers include Infantry, Armor, Air Defense, Aviation, Field Artillery, Engineer, Military Intelligence, Military Police, Chemical, Ordnance, Quartermaster, Signal, Transportation, Adjutant General and Finance. Special Forces, while a branch, accepts only volunteers who have already been promoted to captain.

Chaplain Corps. This “line” cohort is also referred to as the Army Competitive Category. Also, the report is focused on the Active Component and does not review officer strength in the Army National Guard or Army Reserve. The projections contained in this report are based on an authorized Army end strength of 512,400.³

Defining the Current Problem

The dimensions of the Army’s shortage of captains and majors are illustrated by **Figure 1**, which depicts the projected status of the Army line officer cohort in FY2007. The vertical bars show the expected strength of each Year Group,⁴ while the solid sloping line reflects officer requirements for each Year Group.

Figure 1. FY2007 Projection by Year Group



Source: Department of the Army.

³ P.L. 109-163, Section 401, January 6, 2006. Note, however, that the Army’s current strength is well below this level.

⁴ All officers accessed to active duty during a fiscal year constitute a Year Group that will compete for promotion, school and command opportunities within the cohort as it progresses through a 30-year military career. For example, Year Group 2006 will enter active duty between October 1, 2005 and September 30, 2006.

As **Figure 1** shows, the Army will be somewhat over-strength in Year Groups 2004 through 2007 — composed mostly of lieutenants and junior captains. The shortage emerges with Year Group 2002 and continues through Year Group 1991 — composed mostly of more senior captains and majors. The shortage disappears with Year Group 1990 and earlier, which includes officers at the ranks of lieutenant colonel and colonel.

Based on the shortages being experienced by Year Groups 1991 through 2002, the Army projects an officer shortage of 120 lieutenant colonels, 2,195 majors, and 393 captains for an aggregate shortage of 2,708 for FY2007. As a result, 82.6% of all requirements for the rank of major are projected to be filled, and the Army defines a personnel fill rate of 85% or less as a “critical” shortage. For FY2008, the shortages worsen, and the Army projects it will be short 364 lieutenant colonels, 2,554 majors, and 798 captains for an aggregate shortage of 3,716 officers. In FY2008, only 80.5% of all requirements for major are projected to be filled. Officer shortages in excess of 3,000 annually are projected to persist through at least 2013.

Some analysts believe that the projected shortages of captains, especially from Year Groups 1998 through 2001, and majors, especially from Year Groups 1991 through 1996, will result in critical positions being vacant or filled with more junior and less experienced officers or even noncommissioned officers. This could have a negative impact on unit readiness or cause some officers to fill more than one position simultaneously. With the current operational and deployment tempo, this additional stress could result in higher attrition and, therefore, a worsening shortage situation. Other analysts, however, would argue that with an overall line officer population of approximately 52,000, a shortage of only 3,000 represents only a 6% shortfall and this is not a significant operational problem. Additionally, they note that it is not unprecedented for officers to be assigned to positions which are formally designated for an officer one rank higher.

What Are the Potential Causes of the Officer Shortage?

Past Accession Levels

The annual accession target is the number of new officers that must be brought into the Army each year to ensure that adequate numbers of personnel are available to meet requirements over the 30-year life cycle of that year group. Accessing too few will, at some point on the life cycle continuum, result in a shortage. Accessing too many may necessitate voluntary and involuntary separation programs to sustain the Defense Officer Personnel Management Act (DOPMA) promotion opportunity and timing for the cohort. This balance can be significantly impacted by relatively minor changes in historical patterns or trends such as attrition.

During (1991-1996) and immediately following (1997-1999) the post-Cold War drawdown, the Army under accessed officers in an effort to meet congressionally mandated strength levels. To sustain a total Army end strength of 482,000, the accession target should have been approximately 4,300 new officers a year, according

to Army analysts and accessions modeling. Instead, the Army accessed between 3,605 and 4,218 during this period as shown below.

Table 1. Accessions During Drawdown

Year Group	Officers Accessed
1991	3,843
1992	3,709
1993	3,685
1994	3,972
1995	4,218
1996	3,700
1997	3,932
1998	3,667
1999	3,605

Source: Department of the Army.

More recently, accession targets have been slowly but steadily increased to 4,000 in FY2000, 4,100 in FY2001, 4,300 in FY2002 and 4,500 in FY2003. After a slight drop to 4,300 in FY2004, the accession target has stabilized at 4,600 in both FY2005 and 2006. In most of these years, the number of officers actually accessed has fallen slightly short of these targets, but never by more than 5%.

Table 2. Recent Annual Accession Trends

Year Group	Accession Target	Officers Accessed
2000	4,000	3,998
2001	4,100	3,979
2002	4,300	4,283
2003	4,500	4,310
2004	4,300	4,325
2005	4,600	4,384
2006	4,600*	To Be Determined

* Projected

Source: Department of the Army.

Since Year Groups 1991 through 2002 represent the bulk of today's shortages, this appears to confirm that the Army under accessed during this period and thus ultimately contributed to the current problem. These shortages have been exacerbated by the growth of officer requirements as the Army has transformed its force structure.

Transformation of Army Force Structure

Force structure is the result of the force development process. It begins with the desired operational capability, designs a force structure to provide these capabilities, factors in doctrine, materiel, manpower and limited resources and results in trained and ready forces. In the context used here, force structure determines the number and grade of servicemembers by skill. If the force structure grows, personnel shortages are usually inevitable. If the structure requires more junior personnel, this can usually be corrected by increasing accessions. If, however, the structure requires more senior personnel, the problem is more difficult to correct and resolution is longer term.

The Army's Modular Force Initiative, also known as "modularity," has resulted in the active Army redesigning its current 10 active duty division force into a force of 42 or 43 brigade combat teams (BCT) to better meet current and future operational requirements. This conversion is scheduled to be completed in FY2007. The redesign has resulted in entirely new organizational structures and significantly changed officer requirements.

Specifically, from 2001 to the present, Army "line" officer requirements have increased by 4,131 spaces due to the modular force initiative. Approximately 88% of this increase, or 3,635, represent requirements for captains and majors. Therefore, most of the Army's shortage of captains and majors projected for FY2007 (2,708) and for FY2008 (3,716) can be attributed to the Army's increased requirements due to its transformation to modular BCTs.

If these additional requirements at the grades of captain and major cannot be filled, some would argue that the conversion timeline should be extended, that fewer units should be converted, or that the Army should reassess the optimum structure of the BCTs.

Attrition

Attrition is defined as the percentage of officers who voluntarily or involuntarily separate during a fiscal year before achieving retirement eligibility. One critical attrition point occurs when officers complete their initial service obligation of 3, 4 or 5 years (most of these officers will already be captains at this point) and choose to separate or continue on active duty. Higher than anticipated attrition at this point will, over time, result in shortages of senior captains and majors.

Historically, attrition for this cohort completing their service obligation has averaged 8.5% annually with only slight year-to-year variances. An increase in attrition among this cohort would certainly contribute to an officer shortage, and this would seem plausible given the high operational tempo experienced by the Army since 9/11, which some believe has a negative impact on retention in the military. However, this does not appear to be the case. From 2001 through 2005, attrition for this cohort averaged 7.8% and is projected at 8% for FY2006, all below the historical averages.

Recently, there has been concern expressed⁵ regarding the somewhat higher attrition than expected from the USMA Class of 2000 which completed their service obligation in 2005. As reflected in the table below, USMA attrition over the most recent 6 years averaged 28.8% but jumped to nearly 35% for the Class of 2000.

Table 3. Recent Attrition from U.S. Military Academy

USMA Class of	Completed Obligation	Retained Beyond Obligation	Separated after Initial Obligation
1995	2000	69.5%	30.5%
1996	2001	72.7%	27.3%
1997	2002	69.4%	30.6%
1998	2003	78.1%	21.9%
1999	2004	71.9%	28.1%
2000	2005	65.8%	34.2%

Source: United States Military Academy.

Deployment Tempo

With ongoing military operations in Iraq (Operation Iraqi Freedom) and Afghanistan (Operation Enduring Freedom), some would assume that this deployment tempo has negatively impacted officer retention. For Army units in Iraq, these deployments are normally for 12 months and many Army personnel have made multiple deployments. Data published in March 2006⁶ reflects that 273,268 active duty Army personnel (officer and enlisted) have been deployed since 9/11 and that 114,661 of these have been deployed more than once.⁷

If frequent deployments were contributing to the officer shortage, this would most likely be reflected in higher company grade attrition as these officers completed their initial service obligations. But, as previously discussed, there has been no dramatic increase in attrition to date. However, analysts suggest the deployment tempo and attrition should be closely monitored because a recent survey⁸ of separating officers indicated that 48% were leaving due to lengthy family separations and 42.1% felt there were too many deployments.

⁵ Shanker, Tom, "Young Officers Leaving Army At a High Rate," *New York Times*, Apr. 10, 2006.

⁶ Department of Defense, "Contingency Tracking System Deployment File for Operations Enduring Freedom and Iraqi Freedom," Mar. 31, 2006.

⁷ Note, however, that this does not automatically mean two deployments of one year each. The deployment data cited does not specify tour length.

⁸ U.S. Army Research Institute for the Behavioral and Social Sciences, "2005 Survey on Officer Careers," June 30, 2005.

In summary, reduced accessions during and immediately following the drawdown in the 1990s and the increased officer requirements of the Modular Force Initiative appear to be the primary contributors to the current and projected shortage of captains and majors. To date, attrition and the deployment tempo do not appear to have played a major role in this situation.

Did the Cold War Drawdown of the Early 1990s Contribute to Today's Shortages?⁹

Some may attribute the current officer shortage, in part, to the Army drawdown of the early 1990s that resulted from the end of the Cold War and a desire to reduce end strength to reap a “peace dividend.” While the post-Vietnam drawdown had targeted specific grades for reduction, the Cold War drawdown “resized” each Year Group cohort using a variety of voluntary incentive programs and the threat or actual use of involuntary separation tools. As a result, the active duty Army was reduced from approximately 777,000 servicemembers to 495,000 during the period between 1989 and 1996 while the officer corps was downsized from 91,000 to 69,000.

Beginning in 1991, annual officer accessions were reduced and many lieutenants on active duty were involuntarily separated through Lieutenant Retention Boards¹⁰. Captains were permitted to voluntarily separate prior to completing their active duty service obligations (ADSO) and were later offered relatively robust financial incentives under the Voluntary Separation Incentive (VSI) and Special Separation Benefit (SSB) programs. Officers opting for the VSI received an annual annuity for twice their number of years of service while SSB provided a lump sum payment. If these programs failed to generate sufficient reductions, the Army could have resorted to involuntary Reduction-In-Force (RIF), but this was never necessary for captains. The reduction in accessions and the separation of lieutenants and captains from 1991 to 1996 had a significant bearing on current officer shortages because many of these individuals would be majors today if they had remained in the Army. Other voluntary and involuntary programs were used to separate more senior officers.¹¹

By the end of 1995, over 20,000 officers had been voluntarily or involuntarily separated or retired through one of the drawdown programs; a total of 1,681

⁹ Much of this discussion is taken from *The Downsized Warrior: America's Army in Transition* by David McCormick, New York University Press, NY, 1998.

¹⁰ Centralized selection boards designed to select lieutenants for involuntary separation during their third year of service.

¹¹ Majors with 15 to 20 years of service were offered voluntary early retirement through the Temporary Early Retirement Program or separated involuntarily through Reductions-In-Force (RIF) if insufficient numbers volunteered for early retirement. While most majors retired voluntarily, there were also 244 in the RIF category. Lieutenant colonels and colonels were voluntarily allowed to retire without serving the service obligation incurred due to their promotion and nearly 4,000 were involuntarily retired through Selective Early Retirement Boards (SERB).

lieutenants and 8,959 captains were included in this total. Of the 30-year group cohorts on active duty today, 21 of them were subject to the drawdown.

A major factor influencing today's shortage situation appears to be reduced accessions both during and immediately following the drawdown and the forced separation of over 10,000 lieutenants and captains. The drawdown did not, however, result in increased attrition rates as some analysts had predicted.

Can Reserve Component Officers Be Used to Address the Shortage?

Usually, Army Reserve Component units are activated through a cycle of mobilization, deployment, redeployment and return to reserve status. However, Army Reserve and National Guard individuals are sometimes activated as individual replacements.

Active component officer grade and skill shortages can be reduced by permitting Reserve Component officers to voluntarily return to active duty for extended periods through a "Call to Active Duty." These officers must be able to complete 20 years of active duty to attain retirement eligibility before age 62. Alternatively, they can be involuntarily activated through the use of Partial Mobilization Authority.

In FY2005, a total of 800 reserve officers (90 from the Army National Guard and 720 from the Army Reserve) were called to active duty under this program. This procedure, however, depletes the officer corps in the Reserve Components and both the Army Reserves and Army National Guard already report significant shortages at the grades of captain and major, according to Army officials.

What Action Has the Army Taken to Address Officer Shortages?

Promotion Opportunity

In an environment of emerging officer shortages, one option available is to increase the promotion opportunity, thereby reducing involuntary separations for those not selected and lowering attrition through enhanced promotion opportunity. For example, if lieutenants are promoted to captain at a rate above the Defense Officer Personnel Management Act (DOPMA) of 1981 goal, the overall shortage of captains is reduced. Since 2001, the Army has exceeded the DOPMA promotion goals at every rank and almost every year as reflected in the table below. The only exception has been the 92.3% selection rate for captains in FY2004.

Table 4. Promotion Opportunity: First Time Considered

Promotion to Rank of:	DOPMA Goal	FY2001	FY2002	FY2003	FY2004	FY2005
Captain	95%	99.0%	98.2%	98.9%	92.3%	98.4%
Major	80%	83.0%	89.5%	93.8%	96.9%	97.7%
Lieutenant Colonel*	70%	75.7%	77.3%	79.6%	79.0%	88.7%
Colonel*	50%	55.9%	53.5%	52.6%	53.2%	59.7%

* Operations Career Field Only

Source: Department of the Army.

These promotion rates, especially the unusually high rates for major and lieutenant colonel in FY2005, have already raised some concerns regarding the quality of the officers being selected for promotion.¹² Some analysts would argue that these unusually high promotion rates, combined with wartime strains and the emphasis on manning the modular units, may have diluted the overall quality of the Army officer corps.

Closely linked to promotion opportunity is the role of Selective Continuation,¹³ the retention on active duty of officers who are twice nonselected for promotion to the next higher grade. For example, the DOPMA goal for promotion to major is 80%, which means that 20% of the captains would not be selected for promotion in any given year. If this 20% is again nonselected by the next promotion board, they would normally be involuntarily separated under the “up or out” promotion system. Selective continuation allows these two time “non-selects” to continue serving.

However, the continuing Presidential Declaration of National Emergency has enabled the Army¹⁴ to exceed the DOPMA promotion goals and to expand the number of officers who are offered Selective Continuation. Those officers who are selectively continued may remain on active duty, will remain eligible for promotion

¹² Mazzetti, Mark, “Army’s Rising Promotion Rates Called Ominous,” *Los Angeles Times*, January 30, 2006.

¹³ 10 U.S.C. 611 and 10 U.S.C. 637. Whenever the needs of the service require, the Secretary of the Army may convene selection boards to recommend officers for continuation on active. Captains may be continued to 20 years of commissioned service; majors to 24 years.

¹⁴ Memorandum, Subject: Active Army Defense Officer Personnel Management Act (DOPMA) Waiver for Fiscal Year 2005, signed by Daniel B. Denning, Acting Assistant Secretary of the Army for Manpower and Reserve Affairs, February 8, 2005 and Memorandum, Subject: Suspension of Active Army Defense Officer Personnel Management Act (DOPMA) Strength Limits for FY2006, Signed by Valerie L. Baldwin, Assistant Secretary of the Army for Financial Management and Comptroller, November 22, 2005.

consideration, and can generally continue to serve until their mandatory retirement date. Some analysts would argue that the increased promotion opportunity and expansion of selective continuation have changed an “up or out” promotion system to one that can more accurately be described as “up or stay.”

Promotion Timing. Another option to address a shortage situation would be to promote officers sooner to the next higher rank. Since 9/11, this has occurred at the ranks of both captain and major.

In early 2002, the Army reduced the promotion timing for promotion to captain from 42 to 38 months. At the time, the Army could have reduced this point to 36 months. However, Congress, which had required 18 months in the grade of first lieutenant when DOPMA was passed in 1981, increased this requirement to 24 months effective October 1, 2005.¹⁵ Because of the Declaration of National Emergency discussed earlier, the Army has temporarily suspended the 24 month requirement and continued to promote to captain at the 38 month point. Similarly, the Army reduced the promotion timing for major from 11 years to 10 years in 2005 to partially address the shortage of majors. This 10-year point is the mid-point of the DOPMA (9 to 11 year) range.

In summary, the Army has attempted to partially offset the shortage of captains and majors by promoting more and promoting earlier to these ranks.

Increased Accessions. As noted earlier, accession goals have been steadily increased since FY2000 and now target 4,600 new officers annually. While adjustments to promotion opportunity and timing can result in near term improvement to a shortage situation, increasing accessions is more of a long-term solution. This is especially true for U.S. Military Academy (USMA) and the Reserve Officer Training Corps (ROTC) which are both four-year programs.¹⁶ As a result, increasing accessions will not impact on the shortage of captains for at least eight years and majors for at least nine years.

United States Military Academy. Until recently, the authorized strength of USMA’s Corps of Cadets has been limited to no more than 4,000 on the day before the last day of the academic year.¹⁷ This roughly translates into four academic years of 1,000 cadets each.

The FY2003 National Defense Authorization Act¹⁸ authorized the Secretary of the Army to increase the Corps of Cadets by 100 per year during the years 2003

¹⁵ 10 U.S.C. 619.

¹⁶ Historically, about 60% of annual officer accessions have come from ROTC, 25% from USMA, and 15% from Officer Candidate School (OCS) and direct commissions. Production from these sources has changed over the past five years; for FY2006 it is projected that 46% of the Year Group will be from ROTC, 19% from USMA and 35% from OCS and direct commissions.

¹⁷ 10 U.S.C. 4342.

¹⁸ P.L. 107-314, Section 532a, December 2, 2002.

through 2007 and established a new maximum enrollment of 4,400. Additional increases after the 2007-2008 academic year are not permitted.

However, the law also required that any increase in the size of the Corps of Cadets for an academic year could not exceed the increase for the preceding year in the total number of cadets enrolled in the Army's Senior ROTC program.¹⁹ According to Army officials, Senior ROTC enrollment had actually decreased the preceding year (2001). Therefore, the Army was unable to increase the size of the Corps of Cadets.

Senior Reserve Officer Training Corps. Army ROTC commissions officers for both the active and reserve components of the Army. For example, in FY2005, ROTC produced 2,641 officers for the active component, 958 for the Army National Guard and 579 for the Army Reserve, a total of 4,178. However, the mission was increased significantly in FY2006 to 4,500 per year and is projected to remain at this level or possibly increase further. For FY2006, the 4,500 target includes 2,525 line officers for the active component, 1,100 for the National Guard, 650 for the Reserves and 225 for the Army Nurse Corps.

One issue is whether ROTC can produce officers at the new, higher level while continuing to sustain both the active and reserve component missions. To some observers, the recent trends do not appear encouraging: the mission has increased while the production level has declined. As shown below, the ROTC production level peaked in FY2004, declined in FY2005 and is projected to further decline in FY2006 and 2007.

Table 5. ROTC Mission and Production

Year	Mission	Production	Difference
2002	3,900	3,571	-329
2003	3,900	3,950	+50
2004	3,900	4,408	+508
2005	3,900	4,178	+278
2006	4,500	3,973*	-527
2007	4,500	3,798*	-702

* Projected

Source: Department of the Army, U.S. Army Cadet Command.

The main rationale identified by the Army for this trend is that several years ago the Army de-emphasized high school recruiting for four-year ROTC scholarship candidates.

¹⁹ 10 U.S.C. 4342.

Officer Candidate School. As a result of its ability to produce officers in a relatively short period of time, OCS remains the Army's "surge" capability for commissioned officers. OCS production has nearly tripled over the past five years as overall accession goals increased. In FY2001, OCS produced 636 officers, and is projected to produce 1,420 in FY2006; more than 80% of these new officers will hold baccalaureate degrees. OCS now contributes 25% to 30% of the annual accession cohort. The increase in OCS production is shown below.

Table 6. Officer Candidate School Production

Fiscal Year	Production
2000	484
2001	636
2002	1003
2003	1028
2004	806
2005	1011
2006	1420*

* Projected

Source: Department of the Army.

In summary, with no expansion at USMA and declining production in ROTC, the Army must continue its recent reliance on the Officer Candidate School program to grow its accession cohort.

Other Army Actions

In addition to increasing promotion opportunity, decreasing promotion timing and increasing officer accessions, the Army recently announced three new programs focused on retaining officers through career satisfaction initiatives that require an additional Active Duty Service Obligation (ADSO). These programs include:

1. Branch for Service. There are 15 basic accession branches or initial job specialties for line officers in the active duty Army. Until now, USMA and ROTC cadets could request their personal preferences for branch assignment but the actual branching decision was made by a centralized selection board that considered academic major, grade point average, cadet performance and the needs of the Army for specific branch skills. The new program guarantees cadets their branch of choice in return for an additional three-year ADSO. For a USMA graduate, this will result in eight years of obligated service. For the ROTC scholarship cadet, it will result in a seven year obligation. So far, over 700 cadets have signed up for the Branch for Service program. However, its impact on the current officer shortfalls will not be felt for at least five years.

2. Post for Service. Previously, newly accessed officers were assigned to a unit or installation that could provide a solid developmental opportunity for the officer with little regard to personal preference. The new program allows USMA and ROTC scholarship cadets to select an initial post of assignment in return for an additional three-year obligation. This initial assignment would generally be for three years. As in the previous example, participation in this program will result in a seven to eight year mandatory obligation. So far, over 120 cadets have requested the Post for Service program. As with the Branch for Service program, the impact of this program will not be felt for at least five years.

3. Expanded Graduate School Opportunities. The Army usually selects 400 to 500 officers annually to attend fully funded graduate school programs. Most of these support the skill and education requirements associated with the Information Operations, Institutional Operations and Operations Support career fields.

The existing program is being expanded to retain current company grade officers and to guarantee a graduate school opportunity for current USMA cadets, ROTC three and four-year scholarship students and all ROTC Distinguished Military Graduates (DMG). Scholarships under the expanded portion of this program will be capped at \$13,000 annually for tuition and books but officers will also continue to receive their full pay and allowances while attending school full-time.

The portion of this program that targets current commissioned officers features decentralized nomination by the officer's chain of command and centralized selection by the Army. The expansion will focus primarily on additional graduate opportunities for the Operations career field. Approximately 200 officers will begin school in 2006 with a goal of 227 in 2007, 238 in 2008, 268 in 2009 and achieve a steady state of 300 per year in 2010. Officers participating in this program will incur an additional Active Duty Service Obligation (ADSO) of three days for each day of graduate school attendance up to a maximum of 72 months. Upon graduation, officers will serve a three-year utilization tour in a key developmental billet. If this program is successful, it might have an immediate, if modest, impact on reducing attrition among captains. However, by taking these officers out of the operating force, it could exacerbate officer shortages as well.

The other portion of the program is focused on USMA cadets and ROTC scholarship students. These cadets must agree to serve an additional three-year ADSO for the guaranteed opportunity to attend graduate school between their 6th and 11th years of service. They will then incur an additional ADSO of three days for each day of graduate school attendance for a maximum of 72 months and will be required to serve a three-year utilization tour upon graduation. As with the other new programs, its impact on any officer shortages will not be felt for at least five years.

Nearly 300 cadets have already signed up for the guaranteed graduate school program. Of the 200 graduate school slots set aside for high-performing captains, nearly 180 officers are scheduled to begin school this year. At full implementation in 2010, the Army will be sending approximately 1,100 officers a year to graduate school.

There are, however, potential management implications with this number of officers in graduate school. Typical graduate programs require 15 to 24 months to complete. Therefore, up to 2,200 officers could be in graduate school at any given time and all must then complete a three-year utilization tour related to their academic study. This combination will potentially limit their assignment flexibility for up to five years, and could therefore hinder the Army's ability to man the new positions generated by its current Modular Force Initiative.

These three new incentive programs-Branch for Service, Post for Service and Graduate School-directly respond to a recent Army survey²⁰ of officers and reflect three of the top five incentives desired by Army officers.²¹

Are There Other Alternatives for the Army?

Other than Aviation Career Incentive Pay, the Army is not paying any type of financial incentive or bonus to retain line officers, compared to the extensive network of such incentives used by the Navy.²² However, Congress has already enacted legislation that, if implemented by the Army, could assist in recruiting and retaining officers. Specifically:

Critical Skills Retention Bonus²³

This bonus is intended as a financial incentive to retain servicemembers in critical skills as designated by the Secretary of Defense that are experiencing personnel shortages, skill imbalances or with high training or replacement costs. The bonus cannot be paid to anyone who will exceed 25 years of service during the period in which the bonus is being paid. The maximum bonus is \$30,000 a year with a career cap of \$200,000. The individual must agree to remain on active duty for one or more years.

The challenge for the Army would be in defining "critical skills" in terms of rank, branch, years of service, year group or some other criteria and then linking the appropriate bonus level to the number of years that the bonus will be paid. However, the Army has long used this type of authority to manage its enlisted personnel. Another challenge will be funding bonuses such as these in the tight budgetary environment that the Army is experiencing.

²⁰ U.S. Army Research Institute for the Behavioral and Social Sciences, "2005 Survey on Officer Careers," June 30, 2005.

²¹ The top five included fully funded graduate school in the discipline of choice (59.8%), increased basic pay (58%), duty assignment of choice (54.4%), better predictability of deployment rotations (50.6) and station/post of my choice (48.8%).

²² Examples would include submarine duty incentive pay, career sea pay, special pay for Navy nuclear-qualified officers and surface warfare officer continuation pay.

²³ 37 U.S.C. 323.

Student Loan Repayment

As noted earlier, the Army has become increasingly reliant on Officer Candidate School as a source of commissioned officers and many of these are recruited from college campuses that do not have ROTC programs.

The FY2006 NDAA expanded educational loan repayment authorities to include officers.²⁴ The maximum repayment is 33 1/3% of the loan or \$1,500, whichever is greater, for each year of service.²⁵ Since OCS and non-scholarship ROTC cadets enter active duty with a three-year obligation, their entire loan obligation could be repaid during three years of active duty. In an era of increasing tuition costs, this could be a significant officer recruiting incentive.

Possible Options for Congress

Maintain Status Quo

Congress could determine that the shortage of approximately 3,000 senior captains and majors does not represent a critical shortage in a total population of over 52,000 Army line officers, and that the Army already has the necessary authority and programs to solve the problem, i.e. Critical Skills Retention Bonus, or that the recently announced non-financial programs such as Branch for Service, Post for Service and Guaranteed Graduate School appear effective and should be allowed to mature before assessing other options.

Consider Continuation Pay

The Navy already has authority for continuation pay to incentivize the surface warfare community.²⁶ This program is service-specific and targets Navy lieutenants and lieutenant commanders (the Army's equivalent of captains and majors) with between 6 and 14 years of service (the preponderance of the Army's shortage falls within these years) and pays differing amounts for one, three and four or more years of additional obligated service. The amount of the pay increases with the length of the obligation. A separate provision in law to provide the Army with this flexibility would be required.

Provide Matching Contributions to the Thrift Savings Plan

The Thrift Savings Plan (TSP), a "defined contribution" plan similar to "401(K)" plans, was implemented in 1987 for federal government civilian

²⁴ P.L. 109-163, section 537.

²⁵ 10 U.S.C. 2171.

²⁶ 37 U.S.C. 319.

employees. The FY2001 NDAA²⁷ extended TSP eligibility to servicemembers on active duty and in the Ready Reserve. Service Secretaries also have the authority to establish agency matching contributions but only to recruit or retain enlisted servicemembers²⁸; officers are excluded. To date, none of the services have begun matching programs.

With slight modification, the law could be expanded to provide matching contributions to targeted officer cohorts and require that this benefit include an additional active duty service obligation (ADSO).

Extend Temporary Relief from the Constraints of the Defense Officer Personnel Management Act (DOPMA)

As noted earlier, the Presidential Declaration of National Emergency has delegated certain authorities to the Secretary of Defense and the Service Secretaries. The Army has used this delegation of authority to increase promotion opportunity, expand the use of selective continuation, and reduce promotion timing.

These authorities expire one year after the termination of the national emergency. Should the President terminate the national emergency while officer shortages continued to exist, Congress could enact legislation to provide continued relief based on an analysis of the situation at that time. However, it does not appear likely that the Presidential Declaration of National Emergency will be terminated in the near future. This would be the personnel equivalent of “resetting the force” as it currently pertains to repairing and replacing equipment and weapons systems over a number of years.

Expand Montgomery GI Bill Benefits with Transferability for Additional Service

Officers who are graduates of a military academy or who receive an ROTC scholarship are not currently eligible for educational assistance under the Montgomery GI Bill (MGIB).²⁹ Even those officers who are eligible for MGIB educational assistance are prohibited from transferring all or part of this benefit to their spouse or children except for purposes of retaining these officers in a critical military skill as determined by the Secretary of the Army.

A congressional modification to extend MGIB participation to all officers and allow transferability to a spouse and/or children, even if an additional service obligations was required, could have a positive impact on officer retention. But on the other hand it could be prohibitively expensive, result in a benefit being used by someone other than the intended beneficiary, and would extend a veterans’ benefit to someone who is not a veteran.

²⁷ P.L. 106-398, section 661.

²⁸ P.L. 109-163, section 605.

²⁹ 38 U.S.C. 3011.

Increase Enrollment at the United States Military Academy

As noted earlier, the Army projects a shortage of at least 3,000 officers through 2013. The lengthy duration of this problem supports increasing accessions, not just the “surge” capability of OCS but also from the four-year programs at ROTC and USMA.

Congress has already supported incremental academy growth of 100 cadets a year up to a maximum of 4,400 but required that the increase be temporary. At the time, the Army was prevented from implementing this authority because of recent decreases in ROTC enrollment.

Congress could permanently increase academy enrollment to a maximum of 4,400, extend the time frame for the temporary increase from 2007-2008 to a later date, eliminate the restrictive linkage concerning the number of senior ROTC cadets, or a combination of these.

Additional CRS Products

CRS Report RS21754, *Military Forces: What Is the Appropriate Size for the United States*, by Edward F. Bruner.

CRS Report RL33281, *Montgomery GI Bill Education Benefits: Analysis of College Prices and Federal Student Aid Under the Higher Education Act*, by Charmaine Mercer, Rebecca R. Skinner and Paul J. Graney.

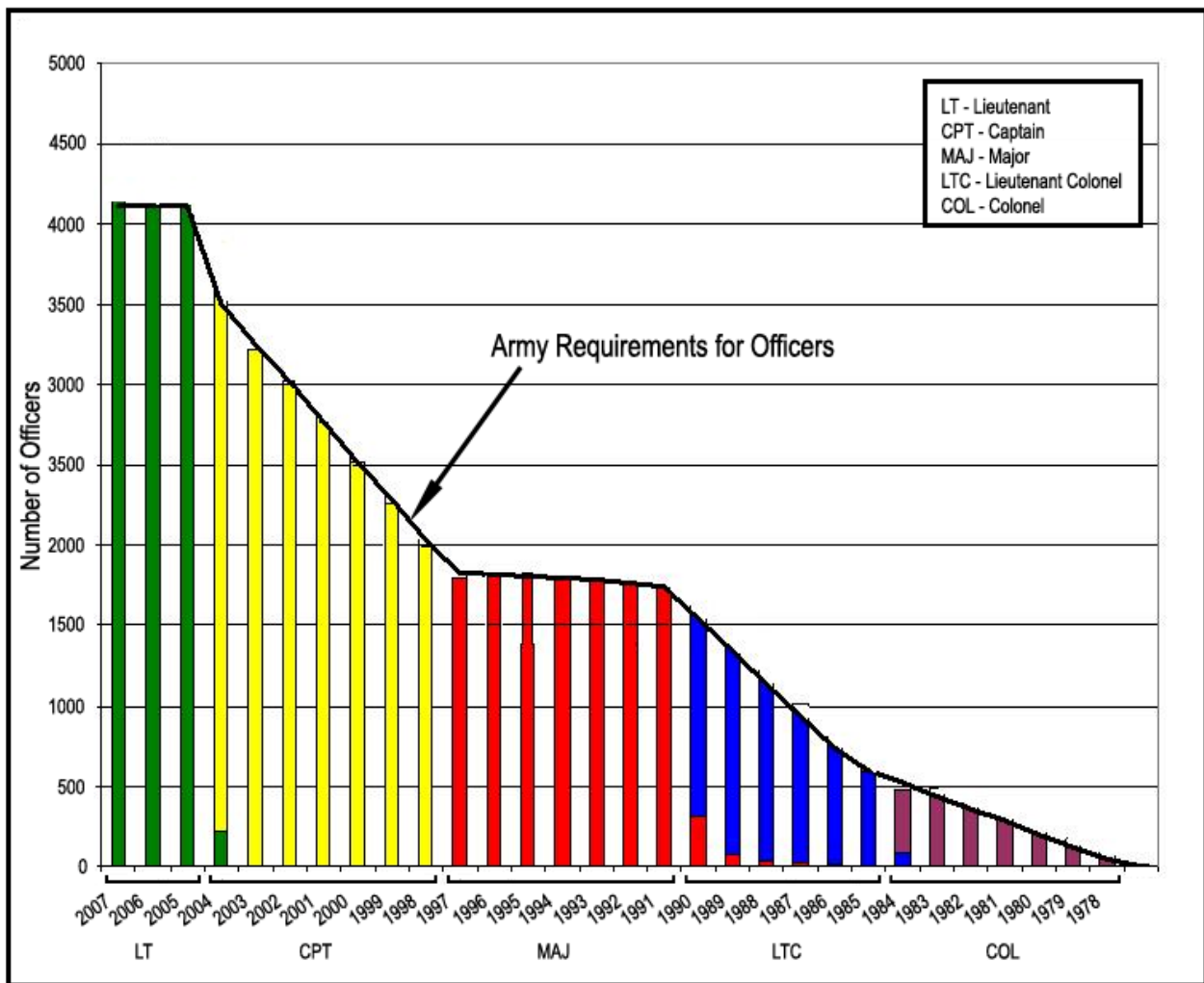
CRS Report RL32476, *U.S. Army’s Modular Redesign: Issues for Congress*, by Andrew Feickert.

Appendix A: How the Army Recruits and Manages the Officer Corps

Management of the Army's commissioned officer corps is a dynamic, highly visible and complex system that is significantly influenced by law and policy. Historically, the Congress has been very interested in all aspects of officer management and supportive of enhancing the effectiveness and professionalism of the officer corps.

A number of parameters frame and define the challenges of managing the Army's officer corps:

- **Multiple Commissioning Sources.** Army officers are commissioned by three primary sources: the U.S. Military Academy (USMA) at West Point, N.Y.; the Reserve Officer Training Corps (ROTC) located on 272 college and university campuses; and the Officer Candidate School (OCS) program at Fort Benning, GA. USMA and ROTC are generally four-year programs that result in a baccalaureate degree and commission followed by attendance at a basic branch course. OCS is a much shorter program — 12 weeks — which is also followed by attendance at a branch basic course. Historically, USMA and ROTC have been the primary sources of Army officers, with OCS providing a “surge” capability and advancement opportunity for talented enlisted personnel. While a college degree is not a prerequisite for OCS, by policy all officers must possess a degree to be eligible for promotion to captain. However, nearly 80% of recent OCS graduates have already earned a baccalaureate degree.
- **Obligated Service.** Officers enter active duty for an initial period of obligated service based on their source of commission. USMA graduates incur a five-year Active Duty Service Obligation (ADSO) while ROTC scholarship graduates have a four-year obligation and ROTC non-scholarship and OCS graduates incur a three-year obligation. Upon completion of this obligation, an officer may apply for voluntary separation or continue on active duty. Additional service obligations, of varying lengths, are required for certain reassignments and civil/military schools.
- **“Year Group”(YG) Centric Officer Cohorts.** All officers accessed to active duty during a fiscal year constitute a Year Group that will compete for promotion, school and command opportunities within the cohort as it progresses through a 30-year military career. For example, Year Group 2006 will enter active duty between October 1, 2005 and September 30, 2006. Of note for the discussion of officer shortages, a YG can be reduced after it is accessed, but it is difficult to enlarge it under the current system. **Figure 2** graphically depicts ideal or optimal Year Group management.

Figure 2. Army Model for Officer Management

Each of the vertical bars in **Figure 2** represents the projected strength of that Year Group with the shading indicating the proportion of the Year Group in a given rank. The sloping solid line represents the total number of officers required from each Year Group. **Figure 2** depicts the perfect personnel management situation where each YG is perfectly aligned with the requirements slope. Year Groups above the slope would be considered overstrength, while Year Groups below the slope would be understrength.

- **“Closed” System.** Officers usually enter the system at the lowest commissioned rank (second lieutenant) and will progress by promotion through as many as six officer ranks below general/flag officer³⁰. There is normally no lateral entry at a higher grade based on education or experience as would be found in an “open” system.

³⁰ The six ranks are Second Lieutenant, First Lieutenant, Captain, Major, Lieutenant Colonel and Colonel.

(As an exception, lateral entry is permitted into the Medical Corps and Chaplain Corps.)

- **“Rank in Person.”** Rank or status is based on individual performance and competency, not the content or organizational position of a particular job.
- **“Up-or-Out” Promotion System.** The “up” represents promotion to the next higher grade; the “out” refers to the forced separation of those twice failing promotion to the next higher grade. This type of promotion system also supports a pyramid-shaped force structure which has a higher number of junior officer (company grade) requirements and fewer senior (field grade) requirements.
- **Career Field Based Management.** Officers are developed in only one basic branch and the branch remains primary for the first 10 years of an officer’s career. Coincident with selection for promotion to Major, all Army Competitive Category officers are designated into one of four career fields—Operations³¹, Information Operations³², Institutional Support³³ and Operations Support³⁴. Each Career Field brings together selected disciplines with associated functional expertise. Officers will then have repetitive assignments and compete for promotion within the career field. Only officers in the Operations Career Field and Army Acquisition Corps can compete for centrally selected command opportunities.
- **Stable Career Paths.** The Defense Officer Personnel Management Act (DOPMA) of 1981 defined a general career path for all of the services by establishing limits or “bands” of promotion opportunity and promotion timing. This enables an officer to project whether a promotion is likely to occur and when. DOPMA promotion opportunity and timing are listed in **Table 7**, below.

³¹ Includes officers from the 16 basic branches and functional areas of Psychological Operations, Civil Affairs and Logistician.

³² Includes Information Systems Engineers, Information Operations, Strategic Intelligence, Space Operations, Public Affairs, Information Systems Management and Simulation Operations.

³³ Includes Human Resource Management, Comptroller, USMA Permanent Associate Professors, Operations Research/Systems Analysis, Force Management, Nuclear Research and Operations, and Strategic Plans and Policy.

³⁴ Includes the Army Acquisition Corps and Foreign Area Officers.

Table 7. DOPMA Promotion Opportunity and Timing Goals

Promotion To	Promotion Opportunity	Promotion Timing
Captain	95%	3.5 to 4 years of service
Major	80%	9 to 11 years of service
Lieutenant Colonel	70%	15 to 17 years of service
Colonel	50%	21 to 23 years of service

Source: P.L. 96-513.

- **Short Careers.** Compared to many in private industry and foreign militaries, U.S. officers have relatively short careers. They may retire at any age upon completion of 20 years of service and, unless promoted into the general officer ranks, will be mandatorily retired at 30 years. Maximum service is further defined by rank (lieutenant colonels at 28 years³⁵ and colonels at 30 years³⁶) and age (maximum age is 62 years³⁷).

³⁵ 10 U.S.C. 633.

³⁶ 10 U.S.C. 634.

³⁷ 10 U.S.C. 1251.